

Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 CIAE-00 DODE-00 INR-07 NSAE-00

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INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 1 OF 2 PEKING 471

E.O. 11652: N/A

TAGS: ETRD, US, CH

SUBJECT: SINO-US TRADE - BUSINESS VISITORS TO PEKING DURING
THE FIRST HALF OF MARCH

REF: PEKING 0342

SUMMARY OF RECENT DEVELOPMENTS: AFTER THREE SLOW MONTHS, THERE WAS A SHARP INCREASE OF AMERICAN BUSINESS VISITORS TO PEKING IN EARLY MARCH. IF DEPENDENTS ARE INCLUDED, ABOUT 50 AMERICANS WERE IN TOWN, AND ALMOST ALL WERE AT THE NEW PEKING HOTEL WHICH IS NOW REGULARLY AVAILABLE FOR BUSINESSMEN. THE INCREASE OF BUSINESS VISITORS WAS IN PART DUE TO THE TIENTSIN CARPET FAIR (PEKING 362), AFTER WHICH SEVERAL TRADERS RETURNED TO PEKING TO PURSUE OTHER BUSINESS POSSIBILITIES. BUT THE CHINESE ALSO INVITED OTHER AMERICAN BUYERS AND RECEIVED A TOP LEVEL DELEGATION FROM THE FMC CORPORATION WHICH HOPES TO EXPAND ITS SALES TO CHINA. ALSO IN TOWN WERE THE BOARD CHAIRMAN OF COCA-COLA, WHO HAD AN OPPORTUNITY TO TALK TO THE CHINESE MACHINERY CORPORATION, AND A DELEGATION FROM MOBIL OIL WHICH NEGOTIATED A BUNKERING AGREEMENT (PEKING 396).

OVERALL, THE LARGE NUMBER OF VISITORS DOES NOT SIGNIFY AN IMMEDIATE INCREASE IN BUSINESS. MANY OF THE VISITORS WERE HERE FOR INTRODUCTORY PURPOSES OR TO FOLLOW-UP ON DEALS ALREADY CONCLUDED.
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ONE INTERESTING NOTE IS THAT THREE US BUSINESS GROUPS VISITED TSINGTAO

OVER THE PAST MONTH, ALTHOUGH THAT CITY CONTINUES TO BE OFF LIMITS TO FOREIGN DIPLOMATS. WE ALSO NOTE THAT TWO BUSINESSMEN, ON BEHALF OF THE NATIONAL COUNCIL FOR US-CHINA TRADE (NCUSCT), WERE GRANTED APPOINTMENTS WITH A VICE PRESIDENT OF THE CHINA COUNCIL FOR PROMOTION OF INTERNATIONAL TRADE (CCPIT); THESE MEETINGS WERE CORDIAL BUT GENERALLY NON-SUBSTANTIVE.
END SUMMARY.

1. FMC CORPORATION - ROBERT MALOTT AND ROBERT MCLELLAN, PRESIDENT AND VICE PRESIDENT OF FMC, RESPECTIVELY, VISITED CHINA FOR THE PURPOSE OF MAKING GENERAL PRESENTATIONS TO VARIOUS CHINESE FOREIGN TRADE CORPORATIONS ON THE WIDE RANGE OF MACHINERY, EQUIPMENT, TECHNOLOGY AND PRODUCTS WHICH FMC HAS TO OFFER. THE VISITORS WERE ACCOMPANIED BY C.K. CHAN, AN AMERICAN WHO IS WITH THE HUA CHIAO COMMERCIAL BANK AND UNIKET LTD. IN HONG KONG. CHAN WAS INSTRUMENTAL IN SECURING THE INVITATION FOR FMC. MALOTT HOPES HIS VISIT WILL LEAD TO ENLARGED FMC SALES TO CHINA, WHICH SO FAR HAVE BEEN LIMITED TO SMALL QUANTITIES OF AGRICULTURAL CHEMICALS. IN HIS CAPACITY AS A MEMBER OF THE BOARD OF DIRECTORS OF THE NCUSCT, MALOTT ALSO PAID A COURTESY CALL ON LI CHUAN, A VICE PRESIDENT OF CCPIT.

2. COCA-COLA - COCA-COLA BOARD CHAIRMAN PAUL AUSTIN VISITED MR. BUSH FROM MARCH 10 TO 16. THOUGH IT WAS A PERSONAL TRIP, AUSTIN TOOK THE OPPORTUNITY TO BRIEF USLO OFFICERS ON HIS COMPANY'S GENERAL AIMS WITH REGARD TO CHINA (INCLUDING THE HOPE OF EVENTUALLY INTRODUCING COKE HERE) AND CALLED ON THE CHINA NATIONAL MACHINERY IMPORT AND EXPORT CORPORATION (MACHIMPEX) TO GIVETA PRESENTATION ON BOILERS MADE BY COCA COLA'S SUBSIDIARY, CLEAVER BROOKS.

3. M.W. KELLOGG - PATRICK O'LEARY AND P.W. DOBI, KELLOGG OFFICIALS WITH OVERALL CONSTRUCTION RESPONSIBILITIES FOR THE EIGHT AMMONIA PLANTS THE FIRM HAS SOLD TO CHINA, ARE BACK IN CHINA FOR ONE OF THEIR PERIODIC VISITS. THEY BROUGHT WITH THEM ROBERT COSTELLO, WHO WILL BE THE PROJECT COORDINATOR IN PEKING; COSTELLO AND HIS WIFE EXPECT TO BE HERE FOR AT LEAST TWO YEARS. O'LEARY AND DOBI ARE NOW ON A TRIP TO SITE A IN SZECHUAN, WHERE WORK IS ALREADY UNDER WAY, SITE C AT ANTA IN HEILUNGKIANG (NEAR THE TACHING OIL FIELD), AND SITE D AT TS'ANG CHOU IN HOPEI, SOUTH OF TIENTSIN. WORK AT SITE B AT LIMITED OFFICIAL USE

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PANSHAN IN LIAONING IS DELAYED AS THE RESULT OF LAST MONTH'S EARTHQUAKE IN THE AREA.

4. PERKIN ELMER (PE) - H.E. DOWNES OF PE STOPPED AT USLO ON HIS FINAL DAY IN PEKING, MARCH 12, TO TELL US OF HIS ACTIVITIES DURING A THREE-WEEK VISIT HERE. DOWNES IS A SALESMAN/ENGINEER WHO WAS DISPATCHED BY PE TO ASSESS MALFUNCTIONS WHICH HAVE DEVELOPED

ON A NUMBER OF CHROMATOGRAPHS WHICH THE COMPANY SOLD TO MACHIMPEX LAST YEAR AND SHIPPED TO END-USERS IN THE PEKING AREA. DURING THE VISIT, DOWNES SERVICED INSTRUMENTS AT PEKING AND TSINGHUA UNIVERSITIES, PEKING ZOOLOGICAL INSTITUTE, PEKING CHEMICAL COMPANY AND AN ADDITIONAL INSTITUTE UNDER THE ACADEMY OF SCIENCES. HE MADE NO SALES REPRESENTATIONS. HOWEVER, BY PROVIDING PROMPT AND RESPONSIVE SERVICE FOR INSTRUMENTS PREVIOUSLY SOLD, HE SAID, HE HOPES IT HAS PAVED

THE WAY FOR FURTHER SEMINAR PRESENTATIONS IN PEKING SUCH AS IT MADE LAST FALL (PEKING 1633, OF 1974) AND FOR ADDITIONAL SALES TO THE PRC. HE ADDED THAT PE WILL BE REPRESENTED THROUGH ITS UK SUBSIDIARY AT THE BRITISH MACHINE TOOLS AND SCIENTIFIC INSTRUMENTS EXHIBITION WHICH OPENS IN SHANGHAI LATER THIS MONTH.

5. WESTERN UNION INTERNATIONAL (WUI) - WUI VICE PRESIDENT JOSEPH BROWNE WAS IN PEKING FOR A FINAL INSPECTION OF THE SATELLITE EARTH STATION WHICH THE FIRM INSTALLED NEAR PEKING LAST YEAR. BROWNE SPENT SEVERAL DAYS AT THE SITE ANSWERING QUESTIONS ON PROBLEMS WHICH THE CHINESE HAVE ENCOUNTERED. IN PEKING, BROWNE TRIED TO INTEREST THE CHINESE IN PURCHASING A TELEPHONE CHANNEL IN WUI'S NEW TRANS-PACIFIC UNDERSEA CABLE AND RECEIVED AN INQUIRY FOR A SMALL NUMBER OF WATKINS JOHNSON HIGH FREQUENCY RADIO RECEIVERS WORTH ABOUT \$100 THOUSAND, WHICH BROWNE THOUGHT WOULD BE USED FOR AIR TRAFFIC COMMUNICATION.

6. INTERNATIONAL CORPORATION OF AMERICA (ICA) - C.J. WANG, ICA PRESIDENT, WAS IN PEKING AFTER HIS VISIT TO THE TIENTSIN CARPET FAIR TO PURSUE A VARIETY OF OTHER CHINA BUSINESS INTERESTS. WANG, WHO PLAYED AN IMPORTANT INTERMEDIARY ROLE IN CHINA'S LARGE MINING EQUIPMENT PURCHASES FROM BUCYRUS ERIE AND WABCO, TOLD USLO HE HAS NO NEW BIG NEGOTIATIONS IN THE OFFING. WHILE HERE, HE BOUGHT A SMALL AMOUNT OF ANTIMONY AND TIN (ABOUT \$150,000). ALSO, IN HIS ROLE AS A REP OF THE NCUSCT, HE PAID A COURTESY CALL ON LIMITED OFFICIAL USE

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CCPIT VICE PRESIDENT LI CHUAN. WANG SAID LI RECEIVED HIM CORDIALLY AND INDICATED THAT PLANNING IS GOING AHEAD FOR THE VISIT TO THE US OF A CCPIT MISSION THIS FALL.

7. BAKER TRADING COMPANY - AFTER COMPLETING BUSINESS AT THE TIENTSIN CARPET FAIR, BAKER PRESIDENT RAY PACE RETURNED TO PEKING TO PARTICIPATE IN SOME OF FMC'S TALKS WITH MACHIMPEX (PACE'S FIRM HAS BEEN WORKING WITH FMC'S OIL FIELD EQUIPMENT DIVISION). PACE'S OWN TALKS ON OIL FIELD EQUIPMENT WERE VERY GENERAL, AND NOTHING CONCRETE EMERGED. THE CHINESE TOLD HIM THEY WOULD NOT BE MAKING ANY NEW PURCHASES IN THIS AREA FOR THREE TO SIX MONTHS. WHILE IN PEKING, PACE ALSO MET WITH THE CHINA NATIONAL LIGHT INDUSTRIAL PRODUCTS IMPORT AND EXPORT CORPORATION AND PURCHASED A VERY SMALL AMOUNT OF ARTS AND CRAFTS, WHICH HE WILL MARKET THROUGH TWO SMALL RETAIL STORES IN HOUSTON.

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 EB-07 COME-00 TRSE-00 OMB-01

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INFO AMCONSUL HONG KONG

LIMITED OFFICIAL USE SECTION 2 OF 2 PEKING 471

E.O. 11652: N/A

TAGS: ETRD, US, CH

SUBJECT: SINO-US TRADE - BUSINESS VISITORS TO PEKING DURING THE
FIRST HALF OF MARCH

8. IDC MARKET INC. AND ALTMAN INC. - AFTER VISITING TSINGTAO
AND ATTENDING THE TIENTSIN CARPET FAIR (PEKING 362 AND REFTTEL),
PAUL SPELTZ AND DONALD ALTMAN RETURNED TO PEKING FOR A WEEK OF PRESEN
T-
ATIONS ON BEHALF OF SEVERAL U.S. FIRMS. IN AN UNUSUAL ARRANGEMENT,
ALTMAN AND SPELTZ SHARE THEIR IMPORTER CLIENTS, BUT OPERATE AS SEPARA
TE
ONE MAN FIRMS WHEN REPRESENTING EXPORTERS. IN CALLS ON MACHIMPEX,
ALTMAN MADE INITIAL PRESENTATIONS FOR REXNORD INC. (MING, ROAD
CONSTRUCTION, AND POLLUTION CONTROL EQUIPMENT); E.W. BLISS
(STEEL ROLLING MILLS, AND CAN MAKING MACHINERY); AND TEXTILES INC.
(INDUSTRIAL SEWING THREAD). MEANWHILE, AT MACHIMPEX AND TECHIMPORT,
SPELTZ FOLLOWED UP EARLIER EFFORTS ON BEHALF OF MEAD PACKAGING AND
DISCUSSED THE POSSIBLE SALE OF OIL FIELD EQUIPMENT BY ROCKWELL,
DRESSER, AND TRW. IN THE CASE OF DRESSER, SPELTZ IS INTERESTED
IN REVIZING NEGOTIATIONS FOR WELL LOGGING AND PUMPING EQUIPMENT WHICH
BROKE DOWN LAST SPRING (1974 PEKING 603). HE ALSO HAD SOME
DISCUSSIONS ON BEHALF OF LUMMUS REGARDING CHINESE INTEREST IN

AN ETHYLENE PLANT; PRELIMINARY NEGOTIATIONS WERE HELD LAST NOVEMBER
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(PEKING 2066), BUT IN THE ABSENCE OF A MULTIPLE PLANT SALE, LUMMUS
BELIEVES THAT FOR PRICE REASONS IT WOULD BE BETTER TO PROVIDE
ITS TECHNOLOGY THROUGH A JAPANESE CONTRACTOR RATHER THAN TO SUBMIT
ITS OWN BID FOR A SINGLE PLANT.

ON ANOTHER MATTER, SPELTZ MET WITH THE LIGHT INDUSTRIAL PRODUCTS
CORPORATION CONCERNING IMF'S INTEREST IN PURCHASING BOWLING SHOES.
ALTHOUGH NO ACTUAL BUSINESS WAS DONE, BOTH SPELTZ AND ALTMAN FELT
THEIR EFFORTS WERE WELL RECEIVED BY THE CHINESE WHO EXPRESSED
INTEREST IN LEARNING MORE ABOUT THE FIRMS THEY REPRESENT.

9. AMERICAN MERCHANDISING CORPORATION (AMC) - STEVEN OSTERWEIS AND
DARSE CRANDALL, PRESIDENT AND VICE PRESIDENT OF AMC, RESPECTIVELY,
VISITED PEKING WITH Y.S. LIU, THE FIRM'S HONG KONG BASED MERCHANDISE
DIRECTOR FOR TALKS WITH THE CHINA NATIONAL TEXTILES IMPORT AND EXPORT
CORPORATION (CHINATEX) AND THE LIGHT INDUSTRIAL PRODUCTS CORPORATION.
AMC, WHICH REPRESENTS 31 MAJOR DEPARTMENT STORES, HAS BEEN
REPRESENTED AT RECENT CANTON FAIRS BUT, ACCORDING TO OSTERWEIS,
HAS BOUGHT ONLY A SMALL AMOUNT OF MERCHANDISE. THE PURPOSE OF THE
VISIT IS TO TRY TO ESTABLISH LONG TERM AND CONTINUOUS BUYING
RELATIONSHIPS THAT WOULD NOT BE RESTRICTED TO CANTON FAIRS. THE
THREE MEN WERE SCHEDULED TO VISIT SHANGHAI, HANGCHOW, AND CANTON
AFTER PEKING.

10. U.H.F.C. CO - NORMAN KARPF, PRESIDENT OF THIS NEW JERSEY
FIRM WHICH BUYS GLUE AND TECHNICAL GELATIN, VISITED PEKING AND
TSINGTAO AS THE GUEST OF THE CHINA NATIONAL NATIVE PRODUCE AND
ANIMAL BY-PRODUCTS IMPORT AND EXPORT CORPORATION. THIS WAS
KARPF'S FIRST VISIT TO CHINA, BUT HIS FIRM HAS BOUGHT OVER \$5 MILLION
WORTH OF THESE GOODS OVER THE LAST THREE YEARS. KARPF DID NOT EXPECT
TO DO ANY BUYING DURING THIS VISIT BUT HOPED TO IRON OUT
PROBLEMS OF INCONSISTENT QUALITY IN CHINESE SHIPMENTS.

11. DESCO SHOE CORPORATION - ROBERT LIPSON, VICE PRESIDENT OF THIS
FIRM, VISITED PEKING BRIEFLY FOR TALKS WITH THE LIGHT INDUSTRIAL
PRODUCTS CORPORATION BEFORE LEAVING TO TOUR SHOE FACTORIES IN
SHANGHAI AND CANTON. WHILE IN CHINA, HE INTENDED TO PLACE AN
ORDER FOR ABOUT \$120,000 OF SHOES. DESCO HAS ATTENDED TWO CANTON
FAIRS BUT THIS IS THE FIRM'S FIRST INVITATION TO PEKING.
AFTER A SLOW START, LIPSON SAID HE BELIEVES THE CHINESE ARE NOW READY
TO PRODUCE SHOES TO HIS SPECIFICATIONS. SEVERAL PROBLEMS REMAIN BUT
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HE FEELS THE PRC CAN SUPPLY LARGE QUANTITIES OF ONE OR TWO STYLES FOR HIS COMPANY.

12. TOSCANY IMPORTS - HAROLD POTCHTAR, PRESIDENT OF THIS NEW YORK GLASS AND GIFTWARE IMPORT FIRM AND A LEADING MEMBER OF THE NCUSCT IMPORTERS COMMITTEE, WAS IN TEINTSIN AND PEKING DURING THE WEEK OF MARCH 10 ON A GLASSWARE BUYING TRIP. IN TIENTSIN H VISITED A GLASSWAREIFACTORY AND APPARENTLY CONCLUDED SOME PURCHASE BEFORE DEPARTING FOR SHANGHAI AND HOME.

13. YARN KITS, INC.- ROBERT GOTTLIEB, PRESIDENT OF THIS NEW YORK FIRM, VISITED FACTORIES AND MET WITH OFFICIALS IN PEKING, TIENTSIN, AND TSINGTAO, PURCHASING \$10 THOUSAND WORTH OF YARN, WOVEN BAGS AND EMBROIDERY ALONG THE WAY. THIS WAS GOTTLIEB'S FIRST TRIP TO THE PRC.

14. BILL YEE ASSOCIATES - OWNER WILLIAM F. YEE, ON HIS SECOND TRIP TO CHINA, SPENT TWO WEEKS IN PEKING PURCHASING TEXTILE PIECE GOODS. YEE'S FIRM, LOCATED IN COLLEAGE POINT, NEW YORK, ALSO IMPORTS ARTIFICAL FLOWERS AND GIFTWARE BUT WE DO NOT KNOW IF HE HAS PURCHASED SUCH ITEMS FROM THE PRC.

15. IMPORT SPECIALISTS, INC.- REPRESENTATIVE CHARLES MERRELS STOPPED IN PEKING BRIEFLY BEFORE GOING ON TO TSINGTAO TO VISIT FACTORIES MAKING STRAW MATS, FLOOR COVERINGS AND OTHER STRAW PRODUCTS. MERRELS ATTENDED THE 1974 FALL CANTON FAIR AND IS FOLLOWING UP ON PURCHASES MADE THEN.

16. THIS MESSAGE INCLUDES COMMERCIALLY SENSITIVE INFORMATION AND SHOULD BE HANDLED WITH DISCRETION.
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